GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1412
ANSWERED ON:04.08.2006
FOREIGN INSURANCE COMPANIES
Thummar Shri Virjibhai;Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has made any arrangements to provide any safeguards to the Indian people against the foreign insurance companies ;

(b) if so, the details thereof ;

(c) the number of complaints received against these foreign insurance companies during the last three years ; and

(d) the action taken by the Governement thereon ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b) As per Insurance Act, 1938, no overseas insurance company can transact insurance business in the country. However, overseas companies are permitted to conduct insurance business in India as joint venture with Indian insurance companies with maximum foreign equity of 26%. Indian insurance companies are regulated under Insurance Act, 1938, Insurance Regulatory & Development Authority (IRDA) Act, 1999 and IRDA Regulations which also stipulate protection of policyholders` interests, thereby safegruarding the investors` money.

(c) and (d) IRDA has reported that it has received 218 complaints as on 31-03-2006 (cumulative) against these joint venture Indian insurance companies (non-life) out of which 203 complaints have been resolved. Similarly, 665 complaints were received as on 31-03-2006 (cumulative) against life insurance companies, out of which 266 complaints have been resolved by IRDA. IRDA plays a facilitative role by advising companies to re-examine the cases. Further, policyholders can get the matter adjudicated by approaching the Insurance Ombudsman or any of the available judicial channels.